

FISCAL NOTE

SB 509 - HB 1359

March 25, 2005

SUMMARY OF BILL:

- Enacts the *VolunteerCare Health Care Coverage Expansion Act of 2005*.
- Establishes VolunteerCare Health (VCH) as an independent executive agency to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents.
- Creates the governing body of VCH as a board of directors.
- Authorizes VCH to contract with public and private insurers to manage access to health insurance to qualified individuals, employers, and other entities.
- Requires VCH revenues and expenditures to be approved by the General Assembly and subjects VCH to annual audits by State Comptroller.
- Requires the Department of Finance and Administration (F&A) to make payments of TennCare benefits for TennCare-eligible individuals enrolled in health plans that provide coverage under VCH insurance.
- Requires VCH to establish the VCH High-Risk Pool, which consists of individuals if the total cost of health care services for these individuals exceeds \$100,000 in a 12-month period.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$10,000,000

Increase State Revenues – Exceeds \$1,000,000

Other Fiscal Impact - Enactment of this bill would require significant federal funding estimated to exceed \$20,000,000 annually. The VCH program is contingent upon it receiving federal funds via a Center for Medicare and Medicaid Services (CMS) waiver.

Assumptions:

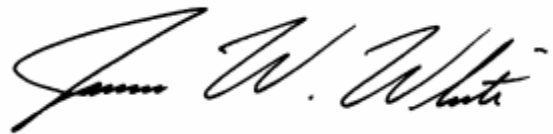
- Enactment of this bill would require significant state funding for start-up costs until VCH becomes self-sufficient. State expended start-up costs are estimated to exceed \$10,000,000.
- VCH expenditures would eventually be paid with a combination of federal funds and premiums paid by the eligible employers and individual enrollees.

SB 509 - HB 1359

- Enactment of this bill would require significant federal funding estimated to exceed \$20,000,000 annually.
- VCH program is contingent upon it receiving federal funds via a Center for Medicare and Medicaid Services (CMS) waiver.
- Increased state revenues resulting from payments of eligible employers and enrollees premiums are estimated to exceed \$1,000,000 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director